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Nation's sovereignty not compromised

ECONOMIC REALITY: China deals to result in direct and immediate benefits to Malaysians

THE high-level visit of Prime Minister Datuk Seri Najib Razak to China at the invitation of Premier Li Keqiang recently is significant in the bigger scheme of things. From the economic perspective, the visit can be interpreted not just from the interest of the two countries, but also in the region and the rest of the world.

With uncertainties in the global economy escalated by the recent events in the West, mainly by the win of Donald Trump as the 45th United States president and the lingering vagueness of the full impact of Brexit (the United Kingdom's exit from the European Union) to the global financial markets, the notion that the 21st century is "The Century of Asia" seems more real than ever.

While the root cause of the 2008 global financial crisis has yet to be resolved through the Smithian Anglo-Saxon model of the West, Asian countries will now be the engine of global growth which will support the process of globalisation and greater trade liberalisation of the global economic system in the future.

While the International Monetary

System is still plagued with the issue of confidence, such as the use of the US dollar as a global currency, the International Monetary Fund (IMF) recently made a significant move by including the Chinese renminbi in a new Special Drawing Right valuation; and while global institutions, such as the IMF and the World Bank, are still unable to reflect today's economic reality in terms of their governance and power sharing, China made its move by initiating the Asian Infrastructure Investment Bank.

Today, China is not just one of the fastest growing economies in the world, but also the largest economy in the world, surpassing the US in purchasing power parity terms. Despite its slower growth projection moving forward relative to the double-digit levels in the past decades, China is still seen as the "factory of the world".

With the recent transformation made in its economy, such as moving from an export dependent and manufacturing labour-intensive economy, to one that is driven by domestic demand, consumption-led, and services-driven, the slower growth momentum is just natural. China seems to be able to manage this transition to achieve a soft landing.

This is the reality of China. It seems clear that the world economy is more dependent on China's economy rather than the other way around. It is es-



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timated that if the targeted 6.9 per cent gross domestic product (GDP) growth of China is achieved this year, China will contribute around 40 per cent of the world's total GDP for this year. This suggests that the world economy will be prone to fall into recession without China.

When the Malaysian delegation, led by Najib, managed to secure RM144 billion worth of deals, it is of course very significant in so many levels to the Malaysian economy. It is about aggressively moving towards Malaysia's non-traditional markets and pushing towards regionalism. These are the two effective strategies to boost further Malaysia's trade and investments moving forward.

As Malaysia's traditional trading partners are still struggling, and with the uncertain future of the Trans-Pacific Partnership agreement in the post-Trump scenario, the Sino-Malaysian new era of partnership couldn't come at a better time. Malaysia's mission to China this time is not just about the two countries, it is about how these two countries optimise economic platforms and regional initiatives that they have. In other words, it is also about the region and the rest of the world.

Both regionally and globally, this visit will uplift the Asean Economic Community's (AEC) prospect, as Malaysia can play a role as the gateway for China to harness the potential of AEC. Both countries are also involved in negotiating another multilateral trade negotiation, which is the Regional Comprehensive Economic Partnership, which involves other Asean countries, Japan, South Korea, Australia, India and New Zealand.

As for China, the One Belt One Road (OBOR) initiative could be massive. It involves more than 60

per cent of the world population and with this platform, China is poised to play a more crucial role in shaping the world economy moving forward.

Part of the deal during the visit is the building of the East Coast Rail Line (ECRL) with China Communication Construction Company Ltd, with financing via soft loans from Export-Import Bank of China. The ECRL is actually part of the OBOR initiative, which will link Malaysia to the rest of the world. This certainly will bring greater growth and development to Malaysia.

The impact of this super-mega deal is not just at the macro level. There are also direct and immediate benefits to Malaysians. The commitment by the Chinese government to purchase more palm oil from Malaysia is expected to benefit more than 500,000 small- and medium-sized enterprises. The bird's nest industry in Malaysia also stands to benefit and also the tourism sector, which is targeting two million Chinese tourists this year — all these aimed at helping local industries and promoting Malaysian brands.

And, of course, Malaysia's newly appointed digital economy adviser, Jack Ma, the tech billionaire and Alibaba Group founder, will be able to help Malaysian youth entrepreneurs excel in the digital economy.

Thus, it is mind-boggling to suggest that this highly successful visit is compromising Malaysia's sovereignty to China. It is apparent that this statement is politically motivated and has been taken out of context without considering the economic reality of China and the world.

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The Kuantan Port in Pahang. One of the deals signed during Prime Minister Datuk Seri Najib Razak's visit to China is the building of the **East Coast Rail Line**, which will benefit not only the east coast, but the whole country as well. File pic